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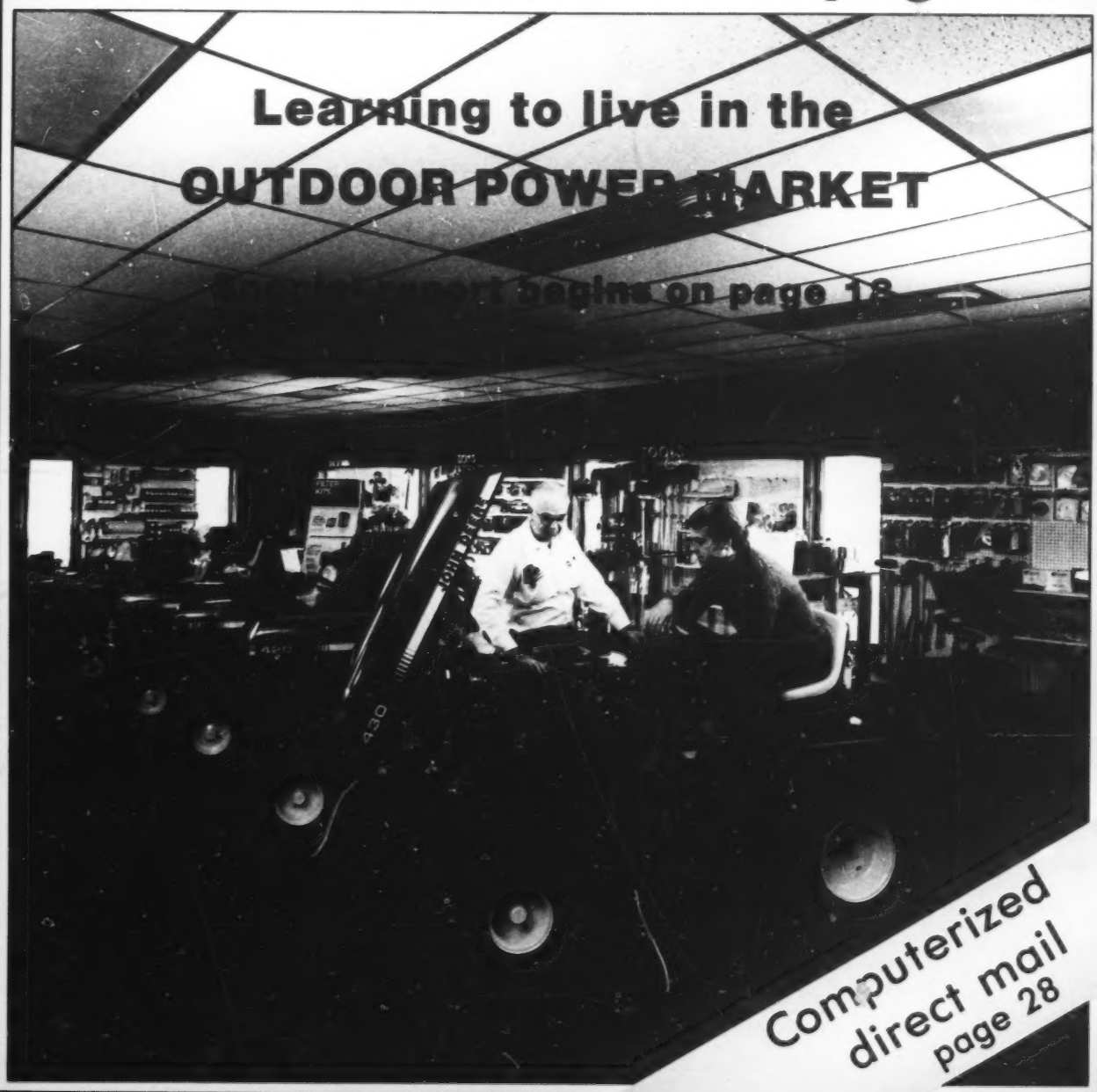
I&T 100 YEARS OF LEADERSHIP

The business magazine of the farm and industrial equipment industry MARCH 1987

New ideas from Britain page 12



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I&T 100 YEARS OF LEADERSHIP

Implement & Tractor

The business magazine of the farm and industrial equipment industry.

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Our cover story

As their agricultural bases have receded in recent years, some dealers have discovered that successful businesses can continue with hobby farmers, suburban home owners, contractors, and landscape and golf course managers as customers. I&T takes a look at the growing outdoor power market. (Cover photo courtesy of Deere & Co.)

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Features

10: **Outdoor power equipment manufacturers** are putting more time and money into improving existing lines and developing new ones.

12: **British shows** have included new ideas for that country's farm equipment industry which found itself caught between a decline in tractor sales and an increase in competition in 1986.

16: **Tractor rentals** have become a profitable part of this dealership in the peach-growing region of South Carolina.

24: **Two dealers** tell how they made the transition to selling in the outdoor power market.

28: **A direct mail** promotional program is one of several innovative ideas which have generated sales for one dealership in the San Joaquin Valley.

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INDUSTRY UPDATE

Ford NH, Versatile agree to sale

Ford New Holland Inc. and Versatile Corp. have an agreement whereby Ford New Holland will acquire the Versatile Farm Equipment Co., subsidiary of Versatile Corp., subject to clearances by the U.S. and Canadian governments and final agreements on terms according to a Ford New Holland spokesman.

Price of Versatile will be $180 million (Canadian), including wholesale and retail receivables and the assumption by Ford New Holland of certain liabilities.

In addition, the Canadian government is providing a loan of $45.5 million (Canadian) to help relaunch the Versatile operation in Winnipeg which had been closed since July 1986.

The Ford New Holland spokesman said that it is hoped the Versatile facility will be opened in July.

The Versatile Farm Equipment Co. will report to New Holland Inc., subsidiary of Ford New Holland.

The spokesman said no Versatile management changes are anticipated. Paul M. Soubry is president and chief executive officer of Versatile Farm Equipment.

Lawn-garden inventories up after '86 season

The Outdoor Power Equipment Institute has reported the results of its November, 1986, survey showing levels of inventory of outdoor power equipment left at the end of the 1986 selling season.

Product Category	Units (000's)	Pct. Carryover Increase, 1986 vs. 1985
Walk-behind mowers	220.0	24
Front-engine tractors	12.1	9
Rear-engine riders	30.5	30
Garden tractors	42.4	35
Tillers	12.8	12

OPEI said there was a overall 23 percent increase in inventory levels for the 1986 season compared with 1985.

Hesston reports loss in '86

Hesston Corp. has reported a loss of $42.9 million in 1986 on sales of $120.3 million, compared with a 1985 loss of $18.8 million on sales of $168.2 million. Sales volume in the fourth quarter of 1986 was $31.5 million and the net loss was $11.7 million.

In 1985's fourth quarter, sales were $38.4 million and the loss was $8.8 million.

Mario Chessa, president and chief executive officer, said that dealer inventories of Hesston products are still too high and that factory shipments in 1987, as in 1986, would be reduced. This, he said, will have an adverse impact on 1987 earnings, as it did in 1986.

Farmhand funds study project

A "white paper" to develop a management perspective of available ideas and concepts to increase industrial uses of agricultural products will result from a Farmhand, Inc., grant to the Farm and Industrial Equipment Institute.

LITERATURE

Kuker Industries' new 1987 Kuker Line sprayer catalog offers a full line of sprayer parts and sprayer equipment. Dealers may send for a free copy.

Write in (7) on Reply Card

GT Inc., manufacturer of specialized farm equipment, grain dryers and conservation tillage drills, has produced a no-till factbook for free distribution to farmers interested in conservation farming. The new factbook has a basic introduction to conservation farming and covers the benefits and limitation of no-till farming, terminology, cropping considerations, weed control, and fertilization. GT manufactures no-till drills in widths of eight feet, 10 feet and 14 feet for a variety of crop applications.

Write in (8) on Reply Card

Hub City Division, Safeguard Power Transmission Co., describes the company's line of gear drives and reducers, motors, bearings, hydraulic pump drive lines and other products in "Hub City Power Transmission Products."

Write in (9) on Reply Card

OMC Lincoln describes its line of Cushman Front Line mowers in a new catalog. Accessories such as grass catchers, mower attachments and the 21-hp engine-powered units are included.

Write in (10) on Reply Card

J I Case Co. presents its Case IH model 1394 tractors in a brochure titled "Model 1394 General Purpose Tractor."

Write in (11) on Reply Card

Briefly...

Owatonna Mfg. Co., Owatonna, Minn., discontinued business as of December 11, 1986, after 121 years of operation. The company employed about 200 persons at the time of the shutdown. Long a manufacturer of hay tools, Owatonna had sold most of its agricultural lines to Gehl Co. earlier in 1986 and was continuing to make its line of Mustang skid-steer loaders and forklifts. The company was said to be unable to arrange extensions of financial agreements with banks in Minneapolis and St. Paul, Minn.

DaKon, Inc., farm equipment wholesaler based at Sioux Falls, S.D., discontinued operations December 1. It had marketed to dealers in seven upper midwestern states. John Hughes, who had been executive vice-president of DaKon, has formed Hughes Equipment Co. to market the Snapper line of outdoor power equipment in Nebraska, South Dakota and part of North Dakota.

KHD Cologne, West Germany, parent company of Deutz-Allis Corp., and Daimler-Benz, Stuttgart, W. Germany, have reached an agreement whereby a joint venture will develop a family of four-wheel drive tractors from 70 to 200 hp. KHD will own 60 percent of the venture. The agreement is subject to German government approval.

Tye Co., Lockney, Texas, will manufacture and market products using Paraplow legs in the United States, according to an arrangement with Thrige Agro of Skive, Denmark. Tye takes over from Howard Rotavator Co., Muscoda, Wis. Thrige Agro bought the Paraplow from Howard Machinery U.K. in 1985. Brian Inveraraity, who was Howard's Paraplow product manager, has joined Tye.

Kenneth F. Thompson, former president of Sperry New Holland and a retired Sperry Rand executive, died January 12 at Gastonia, N.C. He joined New Holland in 1953 and was named president in 1971.

How the lawn and garden market is growing

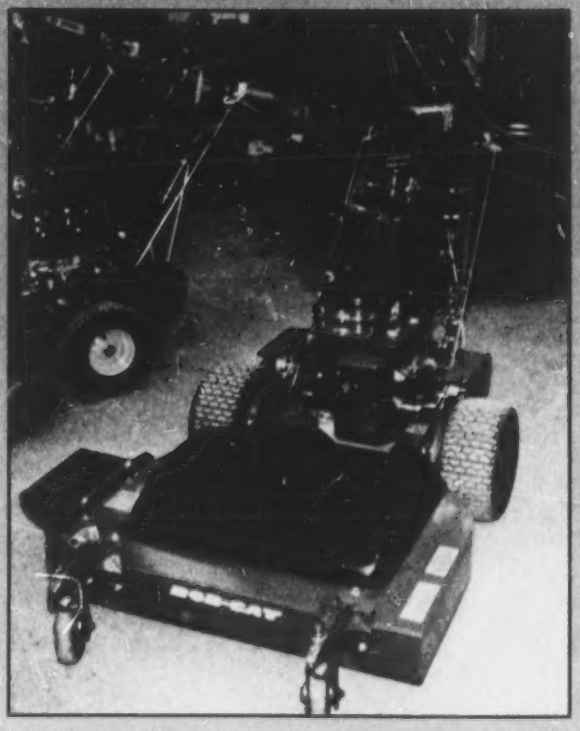
LAWN AND GARDEN EQUIPMENT — QUANTITY OF MANUFACTURERS' SHIPMENTS, 1983-1985

(in units)

SELECTED COMMERCIAL TURF AND GROUNDS MOWING AND CARE EQUIPMENT	1985	1984	1983
Powered non-riding mowers	58,455	69,304	38,744
Riding reel-type turf mowers and greens mowers	15,662	7,500	7,136
Riding rotary turf mowers	33,105	20,235	17,497
Gang rotary cutting units, reel and rotary, individual sections	14,290	14,503	15,16[illegible]
Flail mower cutting units, including gang	4,578	3,965	4,552
Other mowing equipment	4,703	4,660	5,645
Dethatchers	3,372	3,982	2,435
Power brooms, blower vacuums, sweepers	5,742	8,608	8,626
SELECTED CONSUMER RIDING LAWN AND GARDEN EQUIPMENT			
Lawn tractors and riding mowers			
Front engine, under 10 HP	119,007	86,165	104,825
Front engine, 10 HP and over	454,734	413,937	289,222
Rear engine, under 8 HP	28,675	35,795	40,223
Rear engine, 8-9.9 HP	188,811	130,936	151,473
Rear engine, 10 HP and over	130,936	134,680	85,933
Garden tractors			
Under 14 HP	31,862	21,620	19,938
14-15.9 HP	11,261	7,937	11,520
16 HP and over			
Other consumer riding lawn, garden and snow equipment	69,023	77,390	65,087
SELECTED CONSUMER NON-RIDING LAWN, GARDEN AND SNOW EQUIPMENT			
Lawn mowers			
Push type, gas powered, reel	34,844	32,066	27,293
Push type, gas powered, rotary	3,567,467	3,452,606	3,028,108
Self-propelled, gas powered, rotary and electric types	1,671,101	1,799,902	1,460,154
Rotary garden motor tillers and 2-wheel walking type tractors	352,810	434,366	403,939
Snowthrowers, single stage	282,386	272,398	129,611
Snowthrowers, dual stage	156,669	140,315	76,677
Shredders and shredder-grinders	55,770	34,229	26,616
Yard vacuums, blowers, lawn sweepers (except attachment type)	1,125,579	766,522	717,678

Source: *Current Industrial Reports, Series MA-35A, Bureau of the Census*

Comment: Here's documentation of movement in the lawn and garden industry. Some product areas were omitted by I&T because they were combined with other products to the extent that their unit shipment numbers had little relevance. One exception was garden tractors of 16 horsepower and over combined with other consumer riding equipment. That remained because of the significant quantities of larger garden tractors involved.



VALUE OF MANUFACTURERS' SHIPMENTS OF LAWN AND GARDEN EQUIPMENT

(in thousands of dollars)

Product Group	1985	1984	1983
Commercial turf and grounds mowing equipment	$316,102	$280,891	$227,531
Other commercial turf and grounds care equip.	59,148	52,872	35,641
Consumer non-riding lawn garden and snow equip.	1,529,044	1,450,452	1,222,559
Consumer riding lawn, garden and snow equip.	1,128,858	1,049,044	840,373

Source: *Current Industrial Reports, Series MA-35A, Bureau of the Census*

Comment: Manufacturers of lawn and garden equipment have been moving up in recent years, as this information from the Bureau of the Census indicates. Consumer products account for most of the industry's dollar volume, but commercial lines are showing the fastest rate of growth. From 1983 to 1985, value of consumer product shipments rose by $593 million or 29 percent. Commercial lawn and garden product shipments went up by $112 million or 43 percent.

Elsewhere in this issue of I&T, a survey by the Outdoor Power Equipment Institute indicates that at the end of the 1986 selling season, carryover inventory of lawn and garden equipment was up 23 percent (in terms of units) from a year earlier.

It is believed that some of the increases in shipments and inventory are attributable to the availability of more farm equipment dealerships as active outlets for lawn and garden equipment.